

# Alternative Compensation: Create a solid pay system and then add enhancements

*At its best, alternative compensation rewards teachers who master their craft and strive to become the best teachers they can be. At its worst, some forms of alternative compensation—such as pay for test scores—are nothing more than political experiments. A comprehensive compensation system must encompass the factors that make a difference in teaching and learning: experience, knowledge, and skills. It must be easily understood by all stakeholders, it must promote collaboration rather than competition between educators, and it must be fully funded, now and in the future.*

—NEA President Dennis Van Roekel

**A**ttracting and retaining qualified and caring teachers in America's public schools requires treating them as professionals—and paying them a professional wage. Any discussion about teacher compensation should always begin with this essential question: Is the compensation system—whether a traditional single salary schedule or some alternative to it—actually designed to improve teaching and learning, or is it primarily designed to advance a short-term political or ideological goal? Many people say they want to improve teaching and learning, but how they define that goal, how they propose to measure improvements, and how the system intends to pay for them matter a lot.

In talking about alternative compensation, definitions do matter, so here is how NEA defines the term: a pay system that is not based solely on a single salary schedule. The alternative system may be the primary means of compensation, or it may supplement a single salary schedule. Alternative compensation can take many forms such as merit pay or pay-for-performance systems, career ladders, or pay for hard-to-staff schools. While we oppose merit pay, NEA does support some creative alternatives and enhancements if they are added to strong, competitive base salaries and reflect sound principles of professional practice.<sup>1</sup>

## Making teaching a financially viable profession

Attracting the best and the brightest into America's public school classrooms means we must convince them that education is a viable career choice and that choosing to teach is financially viable.

NEA supports high starting salaries for teachers—a minimum of \$40,000—that are derived from a strong base pay system. We support moving teachers up the pay scale and offering enhancements to the pay system for elements and accomplishments that positively affect teacher quality and student learning.

Beginning pay for teachers must be comparable to that for other college graduates who enter fields requiring similar training and responsibilities. Currently, new teachers earn less than other professionals, and the longer they teach, the larger the salary gap becomes.

A 2008 Economic Policy Institute report finds that teachers' weekly salaries are 15 percent lower than comparable positions and that over the long run, teachers experience a significant earnings disadvantage compared with other professions.<sup>2</sup> As a result, teachers leave the profession.

Besides a starting salary for teachers of \$40,000 or more, NEA believes that teachers should reach the maximum salary level as quickly as possible, ideally within 10 years of entering the profession. That means



the base system should contain many opportunities for professional advancement that are tied to pay increases, rather than providing infinite rewards for longevity. A well-constructed single salary schedule allows teachers to reach the maximum salary as quickly as possible in order to maximize career earnings.

NEA supports strong single salary schedules as the foundation for pay systems. Strong schedules support the practice of teaching and encourage the recruitment and retention of quality teachers. In our view, a single salary schedule should not place greater importance on one subject over another, nor should it differentiate pay by grade level. The advantages of strong salary schedules are significant: They support the egalitarian and team-oriented nature of the practice of teaching, they mitigate any subjective criteria or biases that might influence compensation, and they have predictable operating costs as well as built-in efficiencies due to their easy administration.

Only after a strong base salary system has been developed and implemented should the discussion shift to alternative compensation—that is, additional compensation to encourage advancement or movement through the pay system to enhance teaching and learning. NEA supports professional development that improves the practice of teaching and student learning. However, the decision about how to measure improved teaching and learning is crucial; it is important to assess student learning using multiple measures, not for the purpose of paying teachers but rather for the purpose of ensuring quality practice with evidence-based professional development.

### NEA supports additional pay in these areas

**Hard-to-staff schools:** NEA supports providing extra compensation to teach in hard-to-staff schools. Because teaching in these schools requires additional skills and longer hours, the incentive must be substantial. In addition, with so many public schools in desperate need of repair and renovation, school districts need to take a hard look at teaching and learning conditions in these schools. Creating a quality environment with adequate resources for teaching and learning is important to the success of both students and staff.

In most districts, teachers who voluntarily move to a different school get little, if any, salary boost. And those who do change schools tend to move to more advantaged schools where students are more affluent and higher achieving. So if we wish to encourage more teachers to choose to move to hard-to-staff schools, we must look at the size of the incentive. Most incentives are too small to motivate changes in behavior. Research suggests that increases of 10 to 20 percent are generally necessary before an employee finds it worthwhile to change behavior in response to a new pay incentive.<sup>3</sup>

**Knowledge and skills (competency-based pay):** NEA supports salary schedule enhancements based on knowledge and skills. This type of pay system rewards those teachers who acquire and use certain skills, competencies, and knowledge that are relevant to a school's or district's programs. Examples may include developing fluency in a particular language, completing specialized certification training or professional development components, or achieving National Board Certification. In fact, NEA has long supported extra pay for National Board Certification. A recent study affirmed the National Board's positive impact on student achievement, teacher retention, and professional development.<sup>4</sup>

NEA also supports creative enhancements such as paying teachers extra to mentor newer colleagues and providing group pay that offers teachers the opportunity to gain greater autonomy and discretion in all school matters. We also support extra pay when teachers work longer school days or years or when they take on additional assignments such as coaching or advising student clubs. When provided as enhancements to a competitive and professional base salary, these pay enhancements support the teaching practice, improve student learning, and avoid many of the pitfalls caused by most merit pay plans.

### NEA opposes these kinds of alternative compensation plans

**Pay for test scores:** NEA opposes tying pay to student achievement or test scores. Tests are imperfect measures of student performance and even worse measures of teacher performance. Such pay plans pressure educators to teach to the test and they often encourage teachers to focus on students who score just below a

state's mandated proficiency level at the expense of other students who may be even further behind.

Another unintended consequence of pay for test scores is that teachers may see students not as children wanting and needing help in learning, but as potential barriers to monetary rewards.

To this day, enthusiasm for pay-for-performance runs far ahead of any data supporting its effectiveness. In February 2008, the National Center on Performance Incentives at Vanderbilt University hosted its first national conference. In panel after panel, researchers discussed why the programs they studied failed to produce statistically significant effects on student achievement or teacher behavior. Some panelists cited poor program design and implementation (e.g., attempting to offer incentives to the wrong teachers and with insufficient resources), some pointed to flawed and biased performance measures like proficiency scores, while others blamed the current system and culture for contributing to the failure of these plans. Yet none of these presenters offered up alternatives to the salary schedule beyond what might be *theoretically* extrapolated from other sectors.

Performance measures based on student test scores are meant to identify teachers' contributions to student achievement as opposed to other student attributes, such as family circumstances, and the impact of multiple teachers over time. Such theories are rooted in the false premise that student achievement and growth are generally measured consistently and precisely. In fact, test score interpretations and formats may not be comparable from year to year, and the tests themselves may not accurately reflect student knowledge.

In addition to the quantitative problems, there are numerous costs to consider when using test scores to measure teacher performance. School districts must have the data collection capacity to track individual student test scores from one year to the next and must develop more complex administrative and data systems to do so. This results in increased administrative and technical costs. In addition, school districts also must expend funds to train administrators and teachers to interpret student scores.

Last, pay-for-performance plans do not align with or support the teaching profession. Merit pay systems—

which always have a limited pool of money and therefore limit the number of teachers who can participate—force teachers to compete, rather than cooperate, and they create a disincentive for teachers to share information and teaching techniques. Thus, the number one way teachers learn their craft—learning from their colleagues—is effectively undermined when a “zero-sum” compensation game occurs (when one employee cannot be better compensated without decreasing the compensation of his or her fellow workers). So why do teachers sometimes say they are in favor of merit pay? They often support these programs at the theoretical level because they know that they are personally giving more than 100 percent to their students and they expect the system to reward them. But, if rewards are simply based on test results, teachers are not rewarded for their efforts. This leads to further retention problems for a school district.

**Paying for evaluation:** NEA supports regular evaluations of teachers, but we do not believe teacher pay should be directly tied to those evaluations. The highly subjective nature of evaluations makes them inappropriate for high stakes pay decisions. Richard Rothstein, a Columbia University professor who has written extensively about education and pay for performance, notes that: “Supervisory evaluations may be tainted by favoritism, bias, inflation and compression (to avoid penalizing too many employees) and even kickbacks or other forms of corruption. The fact that labor market outcomes seem to be correlated with employees’ physical attractiveness confirms that supervisory evaluations are flawed tools for objective evaluations of performance.”<sup>5</sup>

NEA supports teacher accountability, effective evaluations, and professional development tied to those evaluations. Evaluations should include the goals of improving professional practice and determining the continuing contract status of teachers. *NEA's Professional Standards and Practice Committee Report on Compensation Systems* provides examples of knowledge and skills that may be compensated under a knowledge-and-skills-based pay system and used to form the basis of a quality evaluation system to improve teaching practice.

**Hard-to-staff subjects:** Paying more for shortage area subjects—math and science, for example—than non-

shortage areas may appear to be an appropriate market response to supply and demand principles, but paying more for certain subjects sends the signal that we value certain subjects over others and destroys internal equity. This is problematic for two reasons. First, it is important to educate the whole child. Second, teachers must be treated equitably within a school to foster a schoolwide sense of collegiality.

A compensation system that is to work well must be acceptable to those implementing it and to those employed under it. If any of the parties involved do not accept the compensation system, then it is definitely doomed to fail. Presently, many teachers find the single salary schedule acceptable and the alternatives unacceptable. Administrators also may find the single salary schedule acceptable, but they are under public pressure, frequently by the state legislature, to “do something” about the quality of education. The “something” that they “do” is to try and force acceptance for an alternative compensation system.

The pursuit of professional pay for all NEA members is a priority for NEA. Alternative compensation can be one means of achieving such pay, in conjunction with a strong base salary schedule. NEA is confident that as we pursue professional pay, we can promote effective pay

practices and avoid those practices that appear to be politically popular but do nothing to enhance the work lives of educators and the learning of all students.

## References

<sup>1</sup> National Education Association, *Compensation Systems, Report of the NEA Professional Standards and Practice Committee*, Washington, DC, February 2008.

<sup>2</sup> Sylvia Allegretto, Sean Corcoran, and Lawrence Mishel, *The Teacher Penalty: Teacher Pay Losing Ground*, Economic Policy Institute, Washington, DC, 2008.

<sup>3</sup> E.E.I. Lawler, *Strategic Pay: Aligning Organizational Strategies and Pay Systems*, San Francisco, CA: Jossey-Bass Publishers, 1990.

<sup>4</sup> Milton D. Hakel, Judith Anderson Koenig, and Stuart W. Elliot, *Assessing Accomplished Teaching: Advanced-Level Certification Programs*, Committee on Evaluation of Teacher Certification by the National Board for Professional Teaching Standards, National Research Council, 2008, [www.nap.edu/catalog.php?record\\_id=12224](http://www.nap.edu/catalog.php?record_id=12224).

<sup>5</sup> Richard Rothstein, *Holding Accountability to Account: How Scholarship and Experience in Other Fields Inform Exploration of Performance Incentives in Education*, National Center on Performance Incentives, Working Paper, 2008–04, [www.performanceincentives.org/data/files/directory/ConferencePapersNews/Rothstein.pdf](http://www.performanceincentives.org/data/files/directory/ConferencePapersNews/Rothstein.pdf).

## Resources

**Economic Policy Institute.** *The Teacher Penalty: Teacher Pay Losing Ground*

[www.epi.org/content.cfm/book\\_teaching\\_penalty](http://www.epi.org/content.cfm/book_teaching_penalty)

**Educator Compensation Institute** is a joint effort of teacher and administrator advocates that provides information and resources about education employees' compensation.

[www.edcomp.org](http://www.edcomp.org)

